

Message Text

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BELGRADE FOR USDEL CSCE

E.O. 11652:GDS

TAGS: NATO, CSCE

SUBJECT:CSCE/CBMS: MUTUAL EXAMPLE MILITARY BUDGET
REDUCTION

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REF: BELGRADE 695, DTG 311060Z JAN 78

1. SOVIET CBMS REPRESENTATIVE MIKHAILOV'S ARGUMENT
(REFTEL) THAT US HAD TACITLY ACKNOWLEDGED THAT AN AGREE-
MENT TO REDUCE MILITARY EXPENDITURES NEED NOT BE PRECEDED
BY INCREASED OPENNESS ABOUT BUDGETS IS INCORRECT. ON
THE CONTRARY, IN A PRESS CONFERENCE ON JANUARY 2, 1964,

SECRETARY OF STATE DEAN RUSK MADE THE POINT THAT AN AGREEMENT TO REDUCE MILITARY BUDGETS WAS A MORE COMPLEX MATTER. HE NOTED (A) THAT THE USSR DID NOT PUBLISH AS MUCH INFORMATION AS THE US, (B) PROBLEM OF COMPARABILITY OF EXPENDITURES (HE MENTIONED THAT A US PRIVATE RECEIVES A MUCH LARGER SALARY THAN A SOVIET SOLDIER) AND (C) QUESTION WHETHER AGREEMENTS IN THIS FIELD COULD BE VERIFIED. RUSK NOTED APPROVINGLY HOWEVER, THAT THERE WERE INDICATIONS THAT THE US AND USSR WOULD NOT BE PRESSING THEIR DEFENSE BUDGETS UPWARD.

2. RUSK'S PRESS CONFERENCE FOLLOWED A DECEMBER 13, 1963 ANNOUNCEMENT BY SOVIET PRIME MINISTER KHRUSHCHEV

THAT SOVIET MILITARY BUDGET FOR 1964 WOULD BE REDUCED. IN A SUBSEQUENT DECEMBER 31, 1963 INTERVIEW WITH HENRY SHAPIRO OF UPI MOSCOW BUREAU, KHRUSHCHEV ALLUDED TO THE SOVIET BUDGET REDUCTION AND STATED THAT IT WOULD BE GOOD IF OTHER STATES ACTED IN A SIMILAR WAY. KHRUSHCHEV COINED AT THIS TIME THE TERM "MUTUAL EXAMPLE" TO DESCRIBE SUCH AN APPROACH TO DISARMAMENT.

2. FYI: THE CONCEPT OF UNILATERAL REDUCTIONS IN SOVIET AND AMERICAN MILITARY BUDGETS IN THE HOPE OF RECIPROCITY WAS DEVELOPED DURING CONVERSATIONS IN SEPTEMBER-OCTOBER 1963 IN THE UNITED STATES BETWEEN CONFIDENTIAL

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PRESIDENT KENNEDY, SECRETARY RUSK, SOVIET FOREIGN MINISTER GROMYKO AND AT TIMES, BRITISH FOREIGN SECRETARY LORD HOME. IT IS CLEAR FROM THESE CONVERSATIONS AND A DECEMBER 1964 TALK BETWEEN RUSK AND GROMYKO THAT SOVIETS UNDERSTOOD THAT REDUCTIONS INVOLVED NO LOSS OF FREEDOM AND WOULD NOT BE MADE ON BASIS OF FORMAL AGREEMENT. END FYI.

3. WE DO NOT WISH THIS CONCEPT TO BECOME SUBJECT FOR DISCUSSION AT BELGRADE. IN RESPONDING THEREFORE, DELEGATION SHOULD CONFINE ITSELF TO POINTS OF RUSK PRESS CONFERENCE. IN VIEW OF RELEVANCE TO UNSSOD QUESTIONS, WE OF COURSE APPRECIATE DETAIL OF ANY FURTHER EASTERN REFERENCES TO FORMAL OR INFORMAL MILITARY EXPENDITURES LIMITATIONS.

4. TEXT OF THE RELEVANT PASSAGE OF RUSK'S JANUARY 2, 1964 PRESS CONFERENCE FOLLOWS:

BEGIN QUOTE. ON MATTERS LIKE DEFENSE BUDGETS, WHICH WILL BE DISCUSSED PERHAPS IN GENEVA, THERE ARE SOME IMPORTANT TECHNICAL QUESTIONS QUITE APART FROM THE BROADER POLITICAL ASPECTS OF THE MATTER. THE SOVIET

DEFENSE BUDGET DOES NOT INCLUDE IN ITS PUBLISHED FIGURES ALL OF THE SAME ITEMS WHICH WE INCLUDE IN OUR DEFENSE BUDGET BECAUSE SOME OF THEIR DEFENSE EFFORT IS INCLUDED IN OTHER BUDGETS IN THE SOVIET UNION. END QUOTE.

BEGIN QUOTE. THE DIFFERENCE IN OUR SOCIAL SYSTEM MAKES COMPARISON BETWEEN BUDGETS SOMEWHAT MORE DIFFICULT. WE PAY OUR PRIVATE SOLDIER SOMETHING LIKE 120 DOLLARS A MONTH AFTER 2 YEARS SERVICE, WHEREAS THEY PAY THEIR SOLDIERS A FRACTION OF THAT AMOUNT, AND THAT MEANS THAT COMPARING DIFFERENT BUDGETS IN THE GROSS TOTALS IS

NOT A VERY SIMPLE MATTER. AND THEN, IN THE DIFFERENCE
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BETWEEN A CLOSED AND OPEN SOCIETY, THE QUESTION OF ASSURANCE AND RELIABILITY OF PUBLISHED DEFENSE BUDGETS NECESSARILY ARISES -- WHETHER AGREEMENTS IN THIS FIELD CAN BE VERIFIED. SO WE HAVE A RANGE OF DIFFICULT QUESTIONS OF THAT SORT. END QUOTE.

BEGIN QUOTE. THERE IS SOME INDICATION THAT THE TWO SIDES WILL NOT BE PRESSING THEIR DEFENSE BUDGETS UPWARD INTO NEW LEVELS OF COMPETITION DURING THIS NEXT YEAR, AND TO THAT EXTENT THAT IS ALL TO THE GOOD; BUT TO BRING THAT SORT OF THING TO A POINT OF AGREEMENT OR FORMAL AGREEMENT IS A SOMEWHAT MORE COMPLEX MATTER. END QUOTE.

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